

ALCOA COMMUNITY

FEDERAL CREDIT UNION

August 29, 2017

Mr. Gerald Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Poliquin,

On behalf of Alcoa Community Federal Credit Union, I am writing to you in reference to the National Credit Union Administration's proposal to close the Temporary Corporate Credit Union Stabilization Fund and raise the National Credit Union Share Insurance Fund's normal operating level to 1.39%.

Please understand, I fully support the NCUA providing rebates to credit unions and feel that the effort is long overdue. I am hopeful that this process is expeditious. However, I do have concerns with the approach being taken by the NCUA with this effort, specifically the intent to increase the NOL from 1.30% to 1.39%. This increase would reduce the rebate from approximately \$1.5-1.7 billion to \$600-800 million. These dollars are rightfully owned by credit union members and by withholding these dollars effectively penalizes them a second time for a crisis that was not created within the credit union industry. A partial rebate is not acceptable and I strongly urge you to reconsider.

The current NOL of 1.30% is sufficient to weather economic downturns; it sufficed during the financial crisis, which was the greatest economic downturn since the Great Depression. It certainly stands to reason the NOL does not need to be raised by 5 basis points to allow the SIF to withstand a moderate economic recession. Additionally, the transfer of assets from the Stabilization Fund to the SIF would likely offset the additional liabilities of the NCUA Guaranteed Notes (NGN), thereby negating the need to increase the NOL by 4 basis points as proposed by NCUA.

Also, if the NCUA Board raises the NOL now, there is no guarantee that the Board will return it to a normal operating level. There is no provision in NCUA's proposal for unwinding the increase in the NOL. Even after the NGN program has ended in 2021, credit unions would have no assurance that the NCUA Board would return the NOL to 1.3% at that time.

Thank you for the opportunity to comment on this proposed regulation. Please understand, I sincerely appreciate the agency's dedication to returning funds to credit unions. However, I believe that a full rebate is the fairest approach. I strongly believe that it can be done without creating any additional risk. If you have questions or would like to discuss further please feel free to contact me at steve.brown@alcoacfcu.org or by phone at 501-315-5626.

Respectfully,



Steve Brown
CEO



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